

Message Text

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ACTION NEA-09

INFO OCT-01 ISO-00 AEC-05 AID-05 CEA-01 CIAE-00 CIEP-01

COME-00 DODE-00 EB-07 FPC-01 H-01 INR-07 INT-05 L-02

NSAE-00 NSC-05 OMB-01 PM-03 SAM-01 OES-03 SP-02 SS-15

STR-01 TRSE-00 FRB-03 FEA-01 PRS-01 /081 W

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R 101459Z FEB 75

FM AMEMBASSY BEIRUT

TO SECSTATE WASHDC 2812

INFO USINT BAGHDAD

C O N F I D E N T I A L BEIRUT 1918

E.O. 11652: GDS

TAGS: ENRG, BEXP, SA, JO, US

SUBJECT: TAPLINE PROBLEMS IN JORDAN: LEBANON IMPLICATIONS

REF: JIDDA 826, DHAHRAN 170 AND RELATED TRAFFIC

SUMMARY: INFO RECENTLY AVAILABLE, PARTICULARLY THAT CONTAINED IN REFTELS, INDICATES THAT SAUDIS UNLIKELY GIVE LEBANON SPECIAL TREATMENT. GOL PROBABLY WILL CONTINUE SEEK SAME, PLAYING IRAQIS AGAINST SAUDIS. COMBINED JORDAN/LEBANON DEBT EXCEEDS TOTAL OAPEC FUND. DEBTORS MIGHT EXPLORE CREDIT OR DEFERRED PAYMENT POSSIBILITIES.

1. INFO COMING TO OUR ATTENTION RECENTLY--PARTICULARLY THAT CONTAINED IN REFTELS--MOST USEFUL IN PROVIDING CLEAR-EST INDICATION TO DATE THAT SAUDIS UNLIKELY BE SYMPATHETIC NEXT LEBANES PLEA FOR PRICE RELIEF ON \$50 MILLION PLUS DEBT OWED TAPLINE FOR SEQUESTERED CRUDE SINCE 8/1/75. GOL PERIODICALLY ISSUES STATEMENTS IMPLYING SAUDIS MAY EVENTUALLY GRANT LEBANON SPECIAL PRICE TREATMENT. THIS SOMETIMES CARRIES ADDITIONAL IMPLICATION THAT AGREEMENT NEAR ON SAUDI PARTICIPATION LONG-PLANNED "THIRD REFINERY" USING SAUDI CRUDE VIA TAPLINE, FOR LEBANESE MARKET AND
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FOR EXPORT. (THIS PROJECT SEEMS NO CLOSER REALIZATION

THAN 10 YEARS AGO, BUT EXACT STATUS IMPOSSIBLE DETERMINE
SO IT SHOULD BE CARRIED AS A LIVE TRADE OPPOR-
TUNITY.)

2. LEFTIST BEIRUT DAILY "AL MOHARRER" REPORTED FEB. 4,
QUOTING GOL OILMIN ABU SHARAF, THAT GOL EMBASSIES JIDDA
AND BAGHDAD HAVE ASKED BOTH SAUDI AND IRAQI GOVERNMENTS
FOR OIL PRICE TALKS. OILMIN REPORTEDLY SAID THAT WHEN
REPLY RECEIVED GOL WILL SEND DELEGATION TWO CAPITALS.
UNDER FORTUITOUS MARCH 1973 AGREEMENT WITH IRAQIS AFTER
GOL TAKEOVER IPC RPT IPC FACILITIES LEBANON, GOL ENTITLED
BUY 1.5 MILLION TONS ANNUALLY OF KURKUK CRUDE THROUGH
1975 FOR TRIPOLI REFINERY AT NOW-BARGAIN PRICE WHICH
THIS YEAR IS ROUGHLY \$3 PER BARREL. IT ASSUMED LOCALLY
THAT GOL, BEHIND SYRIA (WHICH HAS SIMILAR AGREEMENT WITH
IRAQIS), WILL ATTEMPT OBTAIN EARLY RENEWAL OF AGREEMENT
FOR 1976 AND BEYOND AT DISCOUNT PRICE, THEN USE IT TO
ATTEMPT EXTRACT FAVORABLE PRICE FROM SAUDIS FOR TAPLINE
SUPPLIES. OR, GOL MIGHT ATTEMPT OBTAIN FAVORABLE SAUDI
PRICE FIRST AND THEN GO TO IRAQIS. OILMIN'S ALLEGED
STATEMENTS DO NOT NECESSARILY MEAN TALKS IMMINENT BUT
THEY LIKELY SOMETIME THIS YEAR.

3. REGARDING OAPEC \$80 MILLION OIL-PURCHASE FUND, WE
WOULD NOTE THAT JORDAN AND LEBANON APPARENTLY OWE TAPLINE
\$50 MILLION EACH. WE RECALL THAT WHEN FUND ESTABLISHED
THERE WAS PRESS SPECULATION THAT LEBANON TOO WEALTHY TO
BE ELIGIBLE TAP FUND.

4. FINALLY, OCCURS TO US THAT IN APPROACHING SAUDIS BOTH
JORDAN AND LEBANON MIGHT LOOK INTO POSSIBILITIES DISGUISED
PRICE CUTS UNDER EASY CREDIT TERMS OR EXPLORE IMPLICA-
TIONS DEC. 10 ZURICH SPEECH BY YAMANI RAISING POSSI-
BILITY OF DEFERRED OIL PAYMENTS (BEIRUT 15288 NOTAL).

5. NOT REPEATED INTERESTED POSTS BECAUSE OF MINIMIZE.
GODLEY

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